

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, MARCH 7, 2007**

C-1 CALL TO ORDER / ROLL CALL

The City Council Closed Session meeting of March 7, 2007, was called to order by Mayor Johnson at 5:30 p.m.

Present: Council Members – Hansen, Hitchcock, Katzakian, Mounce, and Mayor Johnson

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

C-2 ANNOUNCEMENT OF CLOSED SESSION

- a) Review of Council Appointees – City Manager and City Attorney – pursuant to Government Code §54957
- b) Conference with Blair King, City Manager, and Jim Krueger, Deputy City Manager (Acting Labor Negotiators), regarding Maintenance and Operators and General Services Groups pursuant to Government Code §54957.6
- c) Actual Litigation: Government Code §54956.9(a); One Case; Hartford Accident and Indemnity Company, et al. v. City of Lodi, et al., Superior Court, County of San Francisco, Case No. 323658
- d) Actual Litigation: Government Code §54956.9(a); One Case; Daniel Sanchez Garcia v. City of Lodi, et al., San Joaquin County Superior Court, Case No. CV027800

C-3 ADJOURN TO CLOSED SESSION

At 5:30 p.m., Mayor Johnson adjourned the meeting to a Closed Session to discuss the above matters.

The Closed Session adjourned at 6:55 p.m.

C-4 RETURN TO OPEN SESSION / DISCLOSURE OF ACTION

At 7:01 p.m., Mayor Johnson reconvened the City Council meeting, and City Attorney Schwabauer disclosed the following actions.

In regard to Item C-2 (a), there was no reportable action.

In regard to Item C-2 (b), this item was not discussed.

In regard to Item C-2 (c), there was direction only.

In regard to Item C-2 (d), settlement authority was given.

A. CALL TO ORDER / ROLL CALL

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Present: Council Members – Hansen, Hitchcock, Katzakian, Mounce, and Mayor Johnson

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. INVOCATION

The invocation was given by Pastor Ellen Tanouye, St. Paul Lutheran Church.

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Johnson.

D. AWARDS / PROCLAMATIONS / PRESENTATIONS

- D-1 (a) Police Chief Adams presented the Silver Star award to Officer Ernie Nies for demonstrating outstanding bravery above and beyond what is expected in the normal course of duty.
- D-2 (a) Mayor Johnson presented a proclamation to George Bradley, Street & Drain Manager, celebrating "Arbor Day (Tree City USA)" in the City of Lodi.
- D-3 (a) Mayor Johnson presented a Certificate of Recognition to Boy Scout Andrew McKelvey for obtaining the rank of Eagle Scout.
- D-3 (b) City Clerk Johl provided a final report to the City Council on the City of Lodi Centennial celebration and related funds, stating that donations and sale of souvenirs amounted to \$12,800, which was used toward costs associated with the many activities and events, as well as for the start-up costs for souvenir sales. Carol Meehleis, representing the Centennial Task Force, announced that, with Task Force concurrence, the remaining funds of \$5,600 would be donated to the City of Lodi Parks and Recreation Department for various park amenities and improvements to Lodi Lake Park and other locations in honor of Lodi's Centennial celebration.
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E. CONSENT CALENDAR

In accordance with the report and recommendation of the City Manager, Council, on motion of Mayor Pro Tempore Mounce, Hansen second, unanimously approved the following items hereinafter set forth **except those otherwise noted**:

- E-1 Claims were approved in the amount of \$2,704,758.76.
- E-2 The minutes of February 20, 2007 (Shirtsleeve Session), February 21, 2007 (Regular Meeting), and February 27, 2007 (Shirtsleeve Session) were approved as written.
- E-3 Received the report of sale of surplus equipment in the amount of \$1,190.
- E-4 Received the quarterly report of purchases between \$5,000 and \$20,000.
- E-5 Adopted Resolution No. 2007-35 approving the addendum to the Improvement Agreement for Public Improvements at 1125 East Pine Street and authorizing the City Manager and City Clerk to execute the agreement on behalf of the City.
- E-6 Adopted Resolution No. 2007-36 approving the equipment lease agreement and authorizing the City Manager to execute agreement with Ray Morgan Company, of Stockton, for large format copier, in the amount of \$23,850, for the Public Works and Community Development Departments.
- E-7 "Adopt Resolution Ratifying Employment Agreement Entered into between City Manager Blair King and Community Center Director" was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar**.
- E-8 Adopted Resolution No. 2007-37 approving the Citywide Records Management Program and Policy, which adopts the Secretary of State's guidelines.
- E-9 "Adopt Resolution Authorizing the City Manager to 1) Accept a Grant Award for the 2005 Workforce Housing (WFH) Reward Program from the California Department of Housing and Community Development in the Amount of \$23,000 and 2) Submit New Grant Application for the 2006 WFH Reward Program" was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar**.
- E-10 Set public hearing for April 18, 2007, to consider resolution setting storm drainage permit compliance inspection fees for wet season construction inspection.
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ACTION ON ITEMS REMOVED FROM THE CONSENT CALENDAR

- E-7 "Adopt Resolution Ratifying Employment Agreement Entered into between City Manager Blair King and Community Center Director"

This item was pulled by Mayor Pro Tempore Mounce.

Mayor Pro Tempore Mounce stated she would not be voting in favor of the agreement because of her concerns regarding the six-month severance pay.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Johnson second, adopted Resolution No. 2007-38 ratifying the employment agreement entered into between City Manager Blair King and Community Center Director James Rodems. The motion carried by the following vote:

Ayes: Council Members – Hansen, Hitchcock, Katzakian, and Mayor Johnson

Noes: Council Members – Mounce

Absent: Council Members – None

- E-9 "Adopt Resolution Authorizing the City Manager to 1) Accept a Grant Award for the 2005 Workforce Housing (WFH) Reward Program from the California Department of Housing and Community Development in the Amount of \$23,000 and 2) Submit New Grant Application for the 2006 WFH Reward Program"

This item was pulled by Mayor Pro Tempore Mounce.

In response to Mayor Pro Tempore Mounce, Community Development Director Hatch provided a brief presentation regarding the grant award. Specific topics of discussion included an overview of the State-operated program, function of recognizing cities that provide affordable housing and attempt to meet housing element goals, award of \$23,000 for previous year, current year authorization, broad utilization of the grant funds, and the process associated with applying for the grant. Mayor Pro Tempore Mounce commended staff for applying the funding to the Eastside Mobility Plan.

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Mounce, Hitchcock second, unanimously adopted Resolution No. 2007-39 authorizing the City Manager to 1) accept a grant award for the 2005 Workforce Housing (WFH) Reward Program from the California Department of Housing and Community Development in the amount of \$23,000 and 2) submit new grant application for the 2006 WFH Reward Program.

F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

- None

G. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- Council Member Hansen reported on his attendance at the San Joaquin Council of Governments meeting and specifically discussed the Smart Growth program, freeway service patrol, funding available for Highway 12 improvements, and potential legislation being carried through Assembly Member Lois Wolk.
- Mayor Pro Tempore Mounce reported on her attendance at a meeting regarding the Stockton joint recycle water plant and requested further discussion at a future Shirtsleeve Session regarding discount alternatives.
- Council Member Hitchcock suggested discount and rate information, including comparisons, be provided to the public at a future Council meeting.
- Mayor Johnson reported on his attendance at the San Joaquin Regional Rail Commission meeting stating various county representatives and elected officials were present and focused on commuter rail for the valley.

H. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

- City Manager King stated the discount and rate information can be provided as a part of the quarterly report. He also thanked Interim Community Center Director Steve Baker for his dedicated service and announced the appointment of the new director, James Rodems.

I. PUBLIC HEARINGS

- I-1 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Johnson called for the public hearing to consider and approve community input and proposals for uses of the City's 2007-08 federal allocation of Community Development Block Grant and HOME Program funds and the reallocation of available funds from previous program years.

City Manager King briefly introduced the subject matter.

Community Improvement Manager Joseph Wood provided an overview of the City's 2007-08 Community Development Block Grant (CDBG) and HOME program funds. Specific topics discussed included anticipated allocations, staff recommendations, and individual fund allocations for CDBG and HOME programs

In response to Council Member Hansen, City Manager King stated funding of both Grape Bowl projects was recommended because of the similar purpose of both projects and after evaluating the eligibility of the other projects.

In response to Council Member Hansen, Mr. Wood stated \$10,000 was recommended for the Boys and Girls Club based on prevailing wage considerations and the ease of managing the interior door project.

In response to Council Member Hansen, Mr. Wood stated the handicap ramp improvement for approximately \$38,000 is required for occupancy purposes.

In response to Council Member Hitchcock, Mr. Wood stated there is a review process in which they check with the applicant prior to award to ensure the project can be carried out in a timely fashion if the original amount requested is reduced.

In response to Council Member Hitchcock, City Manager King stated, per the blue sheet item, Supervisor Vogel has indicated that there is not a second year of funding available for the Grape Bowl improvements. Mr. King stated the City should not expend its \$250,000 allocation from its own CDBG funds until the matching discretionary funds from the Board of Supervisors are received.

Hearing Opened to the Public

- Tracy Williams, LOEL Center Director, spoke in favor of the City's ongoing support of the Center and requested reconsideration to allow for a full and/or partial allocation for the Center. In response to Council Member Hansen, Ms. Williams stated the Center can fundraise even if partial funding is received. Mayor Johnson stated similar property comparisons indicated the appraisals were not out of line.
- Norma Sautel, a LOEL Center resident, spoke in favor of the City's ongoing support of the Center and requested reconsideration to allow for a full and/or partial allocation for the Center.
- Theresa Larson, LOEL Center Foundation Board Member, spoke in favor of the City's ongoing support of the Center and requested reconsideration to allow for a full and/or partial allocation for the Center. In response to Council Member Hansen, Council Member Hitchcock, and Mayor Pro Tempore Mounce, Ms. Williams and Ms. Larson stated that, while the current rent does not cover the payment, any funding will help pay down the \$485,000 outstanding loan balance to F&M Bank so that it can avoid raising the rent.

- Phil Pennino spoke in favor of the City's ongoing support of the Salvation Army and requested reconsideration to allow for a partial allocation of approximately \$38,000 for the handicap ramp improvement project. He also invited the Council and public to its Annual Dinner.
- Dan Williams, representing the Salvation Army, spoke in favor of the City's ongoing support of the Salvation Army and requested reconsideration to allow for a partial allocation of approximately \$38,000 for the handicap ramp improvement project, which is necessary to complete the permitting process. In response to Council Member Hansen, Mr. Wood stated the Building Official did note midway through the project that the existing handicap ramp was insufficient.
- Paul Rengh, representing the Second Harvest Food Bank, spoke in favor the City's ongoing support and urged continued advocacy at the County and federal levels. Council Member Hansen stated he and the Council are advocating for the CDBG program at the local and federal levels.

Discussion ensued between Council Member Hansen, Council Member Hitchcock, Council Member Katzakian, and Ms. Williams regarding the LOEL Center's acquisition of units in the target area and the financial status of the properties including lease and principal pay down.

Public Portion of Hearing Closed

In response to Council Member Hitchcock, Mr. Prima stated the handicap retrofitting projects are a part of the previously approved list of sites in the target area. Mr. Hatch stated the transition plan identified City-owned areas that do not provide accessibility and funding was going to be allocated to these projects on an annual basis. He stated they would be in good shape if they can continue to demonstrate that progress is being made on those projects, regardless of the exact number of projects addressed.

In response to Council Member Hitchcock, Mr. Hatch stated HOME program funds could be applied to the LOEL Center so long as the City's grant funds are being leveraged with matching funds from the Center. Mr. Hatch and Mr. Wood also reviewed the timing and payment requirements for buy down situations, as now accepted by the federal government and County.

In response to Mayor Pro Tempore Mounce, Mr. Wood stated the LOEL Center could receive down payment assistance in the form of a forgivable loan if the requirements are met.

Discussion ensued between Mr. Wood, Council Member Hansen, and Ms. Larson regarding the Center's ability to survive and pay off loans from its reserves while awaiting the grant funds.

In response to Council Member Hitchcock, City Attorney Schwabauer stated the Council could legally allocate HOME program funds, combined with other CDBG funds, with a representation from the LOEL Center that it could come up with the matching leverage funds within the year.

MOTION / VOTE:

The City Council, on motion by Council Member Hansen, Mounce second, unanimously adopted Resolution No. 2007-40 allocating \$263,275 in HOME funds and \$100,000 in CDBG funds to the LOEL Center, with the understanding that the LOEL Center provides the remainder of the originally requested funds within the current year as leveraging funds, and \$38,654 in CDBG funds to the Salvation Army, thereby reducing the handicap ramp retrofit allocation to \$54,339, and approving the remainder of the CDBG and HOME program allocations as recommended by staff.

RECESS

At 8:44 p.m., Mayor Johnson called for a recess, and the City Council meeting reconvened at 8:55 p.m.

J. COMMUNICATIONS

J-1 Claims Filed Against the City of Lodi – None

J-2 The following postings/appointments were made:

- a) The City Council, on motion of Council Member Hitchcock, Mounce second, unanimously made the following appointment:

Greater Lodi Area Youth Commission

(Adult Advisor)

Bonnie Cassel, LUSD representative

Term to expire May 31, 2008

J-3 Miscellaneous – None

K. REGULAR CALENDAR

K-1 “Adopt Resolution Authorizing the City Manager to Execute a Member Agreement (Second Phase) with the Northern California Power Agency for Financing the Planning and Development Activities of the New Lodi Project (\$1,928,605)”

City Manager King briefly introduced the subject matter.

Electric Utility Director Morrow provided a PowerPoint presentation (filed) regarding the new Lodi project. Specific topics of discussion included a general background, new Lodi project overview, Phase 2, participation levels, energy balance, net energy balance, Lodi power resources, Phase 2 costs, various considerations, and a summary.

In response to Council Member Hansen, Mr. Morrow stated there will be a need to purchase some water and amounts and pricing will be available during development. Mr. Morrow stated early estimates are a few hundred thousand dollars.

In response to Council Member Hansen, Mr. Morrow stated there are limited, if any, options to a natural gas power plant in California and they will have to work hard to manage gas prices.

In response to Council Member Hitchcock, Mr. Morrow provided an overview of the ecological pros and cons associated with the use of coal, hydro, solar, and geothermal power. Mr. Morrow stated the proposed purchase addresses 100% of the City's base load needs and the remaining needs are met by other sources. He also stated objection is not anticipated from neighboring cities because the new plant will meet air quality requirements.

City Manager King provided an overview of natural gas versus bulk power, stating that, while the purchase may have some risk associated with it, as would any other purchase, it may serve as a defense to market fluctuation.

PUBLIC COMMENTS:

- Ann Cerney spoke in opposition to the proposed project based on her concerns that she and the public need more time to review the matter.

In response to Mayor Pro Tempore Mounce, Mr. King stated the change from 12% to the formula accounts for the \$1 million reduction in the transfer amount from Electric Utility to the General Fund.

In response to Mayor Johnson, Mr. Morrow stated an added benefit of the project is that it would hold rates down.

In response to Ann Cerney, Mr. Morrow stated the current facility is owned by Northern California Power Agency, is on a 50-year lease, and the City receives rent accordingly. He stated both plants would remain and the City would receive additional rent from the new plant.

Discussion ensued between Council Member Hitchcock and City Manager King regarding market cost adjustments, adjustment of base amount based on customers, and the opportunity for additional public input through proceedings by the California Energy Commission.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Hitchcock second, unanimously adopted Resolution No. 2007-41 authorizing the City Manager to execute a Member Agreement (Second Phase) with the Northern California Power Agency for financing the planning and development activities of the new Lodi Project, in the amount of \$1,928,605, to examine the feasibility of the development of a 255 megawatt natural gas-fired power plant to be located at Lodi's steam injected turbine site at White Slough.

K-2 "Authorize Contingency Fee Contract with Folger Levin and Kahn, LLP for the Hartford Litigation" was ***pulled from the agenda and tabled.***

L. ORDINANCES

None

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 9:51 p.m., in memory of Adil Shazaad, age 16; Nasir Shoaib, age 15; and Nasherwan Ahmad, age 18, who tragically died in a car accident on February 27, 2007.

ATTEST:

Randi Johl
City Clerk